

**NOTE: This Act is not effective until July 1, 1967.**

401(1) on scope, the receipt or allocation of funds or collateral to secure or meet obligations under the credit shall have the following results:

(a) to the extent of any funds or collateral turned over after or before the insolvency as indemnity against or specifically for the purpose of payment of drafts or demands for payment drawn under the designated credit, the drafts or demands are entitled to payment in preference over depositors or other general creditors of the issuer or bank; and

(b) on expiration of the credit or surrender of the beneficiary's rights under it unused any person who has given such funds or collateral is similarly entitled to return thereof; and

(c) a change to a general or current account with a bank if specifically consented to for the purpose of indemnity against or payment of drafts or demands for payment drawn under the designated credit falls under the same rules as if the funds had been drawn out in cash and then turned over with specific instructions.

(2) After honor or reimbursement under this Section the customer or other person for whose account the insolvent bank has acted is entitled to receive the documents involved.

§§25A-417 to 25A-419: Omitted.

## Article 6

### Bulk Transfers

Sec. 25A-420. Short Title. This Article shall be known and may be cited as Uniform Commercial Code—Bulk Transfers.

Sec. 25A-421. "Bulk Transfers"; Transfers of Equipment; Enterprises Subject to This Article; Bulk Transfers Subject to This Article.

(1) A "bulk transfer" is any transfer in bulk and not in the ordinary course of the transferor's business of a major part of the materials, supplies, merchandise or other inventory (Section 25A-608) of an enterprise subject to this Article.

(2) A transfer of a substantial part of the equipment (Section 25A-608) of such an enterprise is a bulk transfer if it is made in connection with a bulk transfer of inventory, but not otherwise.

(3) The enterprises subject to this Article are all those whose principal business is the sale of merchandise from stock, including those who manufacture what they sell.

(4) Except as limited by the following Section all bulk transfers of goods located within this State are subject to this Article.

Sec. 25A-422. Transfers Excepted From This Article. The following transfers are not subject to this Article:

(1) Those made to give security for the performance of an obligation;

(2) General assignments for the benefit of all the creditors of the transferor, and subsequent transfers by the assignee thereunder;

(3) Transfers in settlement or realization of a lien or other security interest;